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Cooperative Extension Work in Agriculture and Home Economics

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EXTENSION WORK IN COOPERATIVE MARKETING*

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Appraisal of the contribution of extension workers to cooperative marketing is somewhat difficult, both because of the wide variety of services rendered and because it is not always possible to determine whether the action of an individual member or of an organization is due to the influence of extension agents or to other factors. Extension accomplishment in the field of cooperative marketing lies both in the creation of a general attitude favorable to cooperation and in specific results in the organization and maintenance of cooperative associations.

From the beginnings of extension work the general attitude of the extension service has been favorable to cooperative marketing. Extension work itself is organized on a cooperative basis, and extension workers naturally look favorably on cooperation in other fields. A community in which the individual farmers are accustomed to work together in community enterprises, in the marketing of their products, or along other lines, is usually one in which it is easy for the extension agent to do his work. Likewise, a community in which the farmers and their families cooperate well with the extension agent in his program usually is one in which it is easy to organize a cooperative marketing association or to maintain such an association successfully.

The aim of the cooperative extension service and of the cooperative marketing association is identical - to aid farm people to increase their incomes and to live better. It is the duty, therefore, of every extension employee to give his or her support to the cooperative association when properly organized and properly managed. It is quite as much the duty of the extension employee, however, to say a word of caution or even to condemn unwise ventures in cooperation or unwise or extravagant leadership. True friendship does not lie wholly in commendation or compliments; often, we serve best when we are constructively critical. Every extension agent has his place in building the cooperative structure - the director, the subject-matter specialist, the supervisor, the county agricultural agent, the home demonstration agent, the club worker. Many a cooperative has failed because

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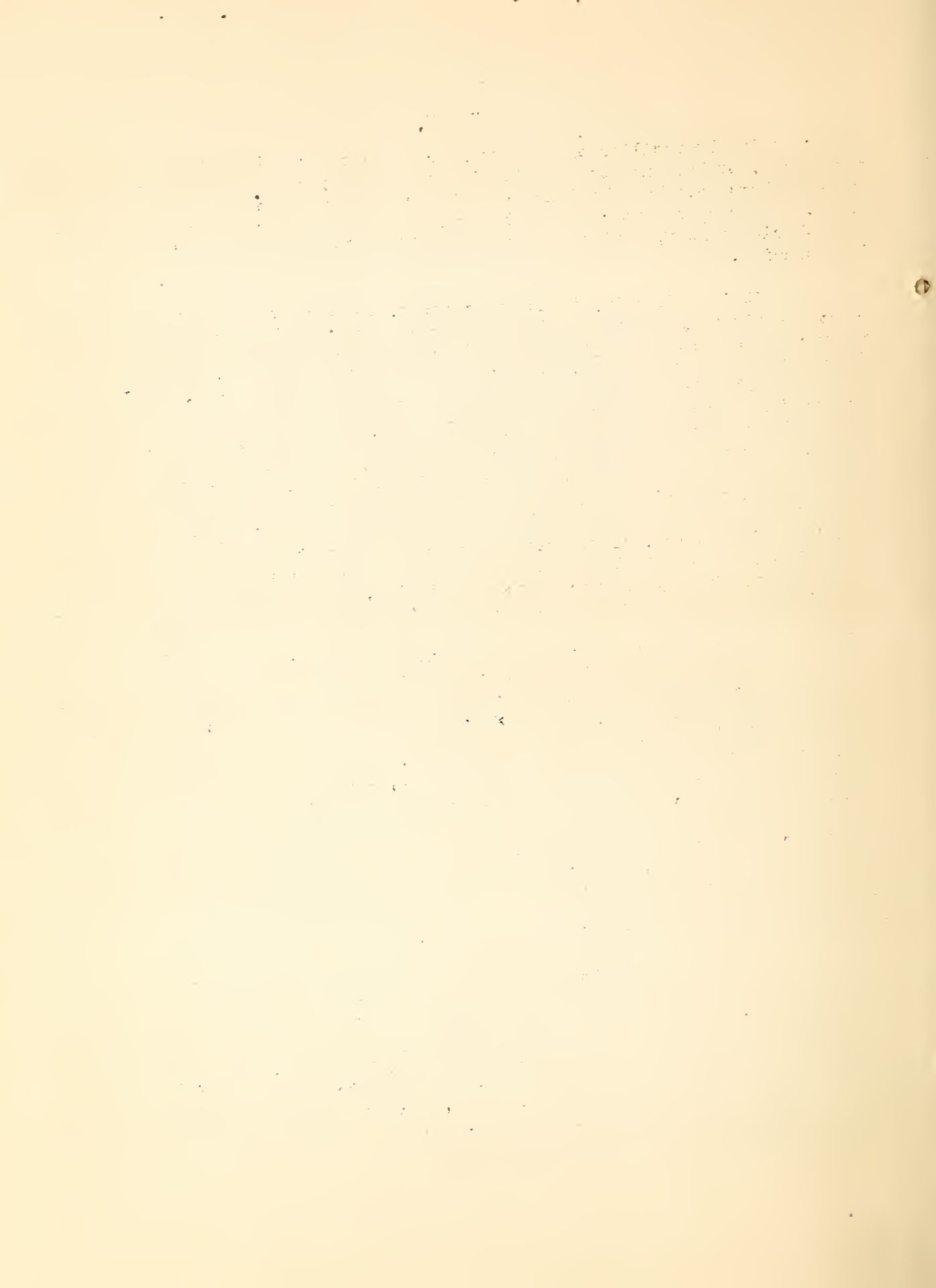
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the women in the families of members have not been kept informed regarding its operations, or have not been active in its support; others have succeeded because members have been kept loyal to their pledges by cooperatively minded women. The cooperative of the future will be stronger than that of today as the 4-H club member, trained to work with his fellows, assumes his place in its councils.

It is difficult, if not impossible, to separate the service rendered to cooperatives by any class of extension agents from the service rendered by other classes. In the organization of community cooperatives and in guiding their affairs the county extension agent naturally plays a large part, as he does in maintaining a satisfactory morale among the membership of the larger association. Home demonstration agents, through organization and watchfulness over curb or club markets for the sale of local surpluses of fruits, vegetables, flowers, and poultry and dairy products, often plant the seeds for larger cooperatives. The crop or livestock specialist, by his aid in production methods, does his part; while the marketing economist naturally has the broadest and in many respects the most spectacular part to play. In the examples which follow, illustrating what some extension agents have done for cooperation, it is not always possible to say what part has been played by the county agent, what by the production specialist, what by the marketing economist. Often, the result has come about from the working together of all.

The service of a county extension agent to cooperatives is varied. He may be the moving force in the organization of a community purchasing or marketing association, such as one which has for its main purpose the cooperative buying of fertilizers, seeds, or other farm supplies, or of a local livestock shipping association or cooperative elevator. He may, on the other hand, present to the farmers the advantages of membership in State-wide or regional cooperatives, such as a cotton or tobacco association. He may aid farmers in their production problems so that they will grow the kind of crops that the market demands, or he may help to train them in putting their products on the market at the time, or in the kind of package, which will bring the best returns. One of his largest services, perhaps, lies in keeping the membership informed on the operations of their association and seeing also that this information gets to nonmembers, so that if the cooperative is successful they will be impelled to join it.

The county extension agent can render quite as much service to a cooperative by helping the farmers to know what to produce, how to produce it, and how to put it in shape to market, as by giving direct service to the marketing organization. Too often promoters of cooperation lay stress on the added return which the marketing association will bring to the producer without giving the producer any idea of what he needs to do to obtain that added return. One of the great advantages of cooperative marketing is that it gives opportunity to pay the producer according to the quality of his product and the way in which it is prepared for market.



Helping the farmer to select the right varieties, grow them under conditions which will result in a product of the highest quality, and then prepare them for the market in the proper way, is a real service to cooperative marketing associations. In South Carolina, for instance, before the cooperative selling of asparagus was adopted, the growers received a low price for their product because it was not uniform and was not properly packed. When the cooperative was organized the extension agents worked with the growers and with the cooperative, teaching farmers how to grow and how to pack their product to meet the demands of the northern markets. As a result, South Carolina asparagus now sells for the highest prices and the acreage of the crop in the State has trebled since the organization of the marketing association.

In Okmulgee County, Okla., the county agricultural agent took the initiative in assisting farmers to set up an egg marketing system in the spring of 1927. A year later this association was reorganized on a five-year basis and is now one of the most successful egg marketing associations of its kind in the United States. Each farmer candles and stamps his eggs so that they are readily identified when sold through central marketing agencies. The marketing agency sells the eggs and returns the money to the producers with a maximum handling charge of 2 cents a dozen. Most of the eggs are sold on the local market, to the mutual satisfaction of producer, dealer, and consumer. Not a single member withdrew at the end of the first year.

In 1919, through the efforts of the State marketing economist and the county agent in Madison County, Tenn., the first carload of hogs was shipped cooperatively from that county, with a return to producers of \$500 in excess of local prices. In 1927, 59 cars of livestock were shipped by the cooperative, with an estimated average gain to producers of \$100 a car, while in 1928 the car-load shipments increased to 91, with an added income over local prices of \$9,548. The difference between the \$500 spread 10 years ago and the \$100 a car spread now indicates increased return to non-members as well as to members. In the same county, cooperative purchases were made of about 1,500 tons of fertilizers, 250 tons of limestone, and 750 tons of feeds.

In several Southern States, home demonstration agents and marketing economists have been active in organizing club or curb markets, at which members of home demonstration clubs and 4-H clubs, and to some extent farmer growers, sell to city customers fruits, vegetables, flowers, poultry, eggs, dairy products, and a wide variety of products made by farm women. Usually the products are carefully graded before they are offered for sale, and prices are regulated within certain limits by a committee of growers. Sales of products by southern women during 1928 exceeded \$1,000,000, much of which would not have been obtained by the growers if the club markets had not been organized. In these club markets many people have learned what products the market demands, how to grow and prepare these products to get the best returns, and how to work together cooperatively.

These illustrations serve to show what the county extension agent may do for the cooperative. Working with him, of course, are the production specialist and the marketing economist. The production specialist helps the county agent or the cooperative to instruct the members what to produce and how to prepare it for market. In the South Carolina asparagus area, for instance, the horticultural specialist naturally had a part in working out production, harvesting, and packing methods. In Okmulgee County, Okla., the poultry specialist helped by giving demonstrations in culling, and in making available information on feeding and management.

The service of the marketing economist to cooperatives is organized in different States on quite different lines. In Michigan, for example, the three specialists work with all the cooperatives in the State, each in his own particular field. One is a specialist in organization, one in business set-up, and one in economic information. In Iowa, on the other hand, the economists work along commodity lines, certain ones working wholly with the livestock marketing associations, others with the cooperative elevators, and still others with the cooperative creameries, egg and poultry associations, and the like. Both types of service have their advantages, although with the growing emphasis on commodity cooperatives, the Iowa type of specialization is perhaps preferable.

In Michigan, when a cooperative organization is being set up, the organization specialist gives his assistance. He advises regarding the different plans of organization, the kind of membership contract which is best for the particular conditions to be met, what the association must do to conform to the State and Federal laws with reference to marketing organizations, and what means the association should take to induce farmers to join it. After the association is under way he gives assistance in membership problems. Next comes the specialist in business set-up, who advises the management on the records that the association needs to keep, the forms for these records, the methods of accounting to members, the annual audit, and all other matters of a business nature. From time to time he makes studies of the operations of the cooperative with a view to suggesting changes in business methods, if such studies are desired by the organization. The duty of the marketing economist is to keep the cooperatives informed on price trends, supplies, probable demand for the product which the association is handling, outlook, and all similar material which will be of assistance to the management in determining when and how to sell their product.

As an illustration of how the Michigan plan works, the service rendered to fluid milk producers' associations may be briefly described. First, they have been given assistance in the organization of locals, in the preparation of constitution and by-laws, and in the selection of competent management. Bookkeepers and managers have been instructed how to set up bookkeeping systems in order to provide for the proper accounts for a cooperative organization. A business analysis has been made of the organization and a report made to the manager and directors with suggestions for changes. Economic information has been given the association on the conditions that affect the supply and demand for milk in the various markets in the State.

Under the Iowa plan, all these services are rendered by a single extension marketing economist, but he confines his operations to a single commodity. For instance, the specialist in livestock marketing gives his entire time to the livestock shipping associations. It is his job to know how a livestock shipping association should be organized, what records it needs to keep, and what information the management and members should have to enable them to obtain the best returns. He has an opportunity to become more intimately acquainted with the managers of the associations with which he is to deal than does the economist who works on a functional basis and who serves a wide variety of associations. Because of this more intimate acquaintance the successful economist is able to wield a larger influence than would be the case if he had only occasional contacts with the association management.

In Iowa, working with a large number of cooperative creameries, the dairy marketing economist has explained to the directors the benefit of adequate records in order that the full cooperation of the directors might be obtained, before work is begun with the managers and bookkeepers. He has given instruction to managers in installing accounting systems, and has assisted them in the preparation of annual summaries. He has shown the management the necessity for making a detailed valuation of the plant and equipment, determining the other assets, and keeping a complete record of the cost of operations. The installation of uniform accounting records in a large number of creameries makes it possible for the economist to make comparisons of operating costs and to show how improvements can be made. The Iowa Creamery Secretaries' and Managers' Association plans to take over this work as soon as there is a sufficient demand to put it on a commercial basis.

In New York and New England the service of the economist to the dairymen's cooperatives may be along quite different lines. There the problem often is to find adequate means of disposal of fluid milk during the late spring and early summer season of high production, and, on the other hand, to obtain a sufficient supply during the low production period in the late fall and early winter. In cooperation with the dairy and crops specialists, the marketing economist tries to impress on the farmer and on the association management the desirability of having cows freshen late in the year so that they will reach their period of peak production at a time when the supply normally is falling off and the necessity of producing succulent feed and good hay to maintain the milk flow during the fall months. It is in fields such as this that there is need for the closest cooperation between the county extension agent, the subject-matter specialists, and the marketing economist.

Iowa has two grain marketing economists who work very closely with the Farmers' Grain Dealers' Association. A survey was made of the experience of 35 farmer elevators in handling their credit problems. This information was analyzed and later used very effectively in district and county meetings. An audit of the business of 100 farmer elevators showing volume of business, expenses, margins on the different commodities handled, and financial returns on side lines was of great interest and value to the officials and managers.

The marketing economist in Ohio has worked with the livestock shipping associations in a very helpful way. He has assisted the managers in analyzing cost of operations, causes of farm-to-market losses, and effect of volume on net returns. He has assisted many of the associations to develop more active boards of directors, who will take responsibility in association affairs. Uniform bookkeeping and accounting forms have been set up for the State, county, and local associations, with which it is easy to determine wherein an individual association is weak. He has cooperated with the production specialists in working out methods to reduce shipping losses on hogs, it having been found that these were due in large part to the way in which the hogs were fed. The marketing economist has kept the associations informed on changing market demands and has been a factor in the making of arrangements for selling hogs on the basis of dressing percentage.

One of the greatest services which extension workers can render to farmers generally, but which can be made most effective when it is used by cooperative marketing associations, lies in bringing to their attention the data gathered by the Bureau of Agricultural Economics and the State experiment stations on the agricultural outlook and on intentions to plant and breed. The use of the outlook material by the individual farmer is good, but when such use is made by an association with hundreds and perhaps thousands of members, its value is multiplied many times. We have made much progress in this field of influencing production according to prospective market needs, but there is yet much to be done. We need to enlist the services of the production specialists in bringing the outlook material to the attention of farmers and of marketing associations as well as to have this matter presented by marketing economists.

The work of the extension economist in marketing is not always confined to State lines. Sometimes by cooperation between States, and with the assistance of the United States Department of Agriculture, producers in several States are brought together on a common program. This was done last spring in the early-potato growing section of eastern North Carolina, Virginia, and Maryland. After the disastrous crop year of 1928, the growers and dealers in Virginia appealed to the governor for assistance. He called in the State commission on conservation and development and the agricultural extension service. At this conference it was decided the extension service should render all possible assistance to the growers; but it was brought out that action taken by Virginia growers alone would not be effective, as growers on either side in North Carolina and Maryland marketed their crops under similar conditions and whatever factors affected one group affected the others.

A conference was therefore arranged with representatives of the extension services in the three States, of the Department of Agriculture, and of growers and dealers in the several producing areas. A joint committee was set up to make a thorough study of the situation and to make recommendations. Representatives of each State were appointed on subcommittees

on acreage stabilization, speculative credit stabilization, substitute crops, and wider market coordination. A paid secretary of the interstate committee was appointed, financed jointly by the department and the State. All available information regarding the carry-over of the 1928 crop and the intentions of southern growers to plant in 1929 was placed before the growers through correspondence and at meetings. The county agents in the areas concerned arranged for local meetings at which this and other pertinent information was presented. The growers were not advised to reduce their acreage but they were given all the facts and left to work out their own conclusions. Studies are being made of speculative credit and of the possibilities of production of other crops. Some progress is being made along the line of market coordination and improvement of market practices, but it is recognized that other and more immediate problems must first be solved. While this project is still too new to determine its success, it is a good example of how States with similar interests can work together on a common program.

These are some of the ways in which the extension service has been helping cooperative marketing. The illustrations might be multiplied many times. Last year, according to the reports of extension agents, assistance was given in organizing 942 cooperative purchasing or marketing associations, with 83,668 members. County extension workers cooperated with 2,269 associations organized in previous years, with 415,594 members. Altogether, we are told, the cooperatives in the United States have 2,000,000 members. Many farmers, however, belong to two or more associations, so that when duplications are eliminated, it is probable that not more than one-fourth or perhaps only one-fifth of our farmers are sufficiently convinced of the merits of cooperation to join with their neighbors in association membership. We still have a big educational job to do. If the Federal Farm Board is to accomplish its purpose of improving agriculture through the medium of the cooperative marketing association, it will need the best help we can give it. The board - and the public - expects the extension service to be solidly and positively behind this movement.

